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BELLSOUTH

Ben G. Almond
Executive Director-
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May 9, 1994

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MAY - 9 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

RE: CC Docket 90-314
Ex Parte Presentation

Dear Mr. Caton:

In accordance with the requirements of Section 1.1200 et. seg. of the Commission's Rules, you are hereby notified that on May 9, 1994 Stan Hamm, Group President-Mobile Systems Group; David J. Markey, V.P. Governmental Affairs, Tom Dougherty, Executive-PCS Groups; and Ben Almond, Executive Director-Federal Regulatory; BellSouth Corporation met with Chairman Reed E. Hundt and Donald Gips, Deputy Chief of the Office of Plans & Policy. During the meeting, we discussed issues addressed in Petition for Reconsideration and comments filed on behalf of BellSouth Corporation and certain of its subsidiaries in the referenced proceeding. The enclosed document was used for discussion purposes.

Please associate this notification with the docket in the referenced proceeding.

If there are any questions in this regard, please contact the undersigned.

Sincerely,



Ben G. Almond
Executive Director-Federal Regulatory

Attachment

cc: Chairman Hundt
Donald Gips

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OFFICE OF SECRETARY

AGENDA

- 20 MHz Allocations Required
- Open Eligibility
- Spectrum Equality
- Mobile Satellite Services

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Limitations on 10 MHz Licenses

Spectrum limitations dictate.....

- Single application, mobility only
- Low usage service, no wireline replacement

Competitive implications.....

- Fragmented market
- Lower functionality and/or capacity
- Inability to differentiate from existing providers' services
- Limited market share

Financial impact.....

- Low revenue per subscriber
- High fixed costs

10 MHz Service Concepts Tested

- 1) Low Power, Limited Mobility (Pedestrian Speed Hand Off)
 - Shared telco infrastructure
 - WACs architecture (TDMA)
 - Low cost network and handsets
- 2) Combination - Limited Mobility + Cellular
 - WACs architecture, shared telco infrastructure
 - Dual mode handset (PCS + 800 MHZ cellular)
- 3) Combination - Full Mobility PCS + Cellular
 - DCS 1900 PCS architecture

Business cases were developed for each service concept and modeled within a BellSouth test market with 1.5M pops.

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Business Case Results - 2010

	<u>Limited Mobility PCS</u>	<u>Limited Mob. PCS+Cellular</u>	<u>Full PCS +Cellular</u>
Cumulative Market Share	5%	15%	15%
Annual Revenue	\$15M	\$55M	\$57M
Cum. Free Cash Flow - 2010	(\$179M)	(\$28M)	(\$73M)

Assumes 0% Cost of Capital

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Impact On Spectrum Allocation

- 10 MHz blocks are insufficient
- 20 MHz blocks needed for viable and spectrally efficient licenses
- Adjustments in the current allocation plan are essential

Revenue Contribution To Deficit Reduction

- Expand the number of participants in the auction by increasing aggregation limits to 45 MHz
- A more balanced licensing scheme will generate greater interest among bidders and more value

Diversity Of Ownership/ Eligibility

- Address diversity of ownership objectives through financial incentives and open, non-controlling equity partnerships (rather than set asides)
- Provide designated entities with the flexibility to select partners with resources and skill sets required to make their business a success

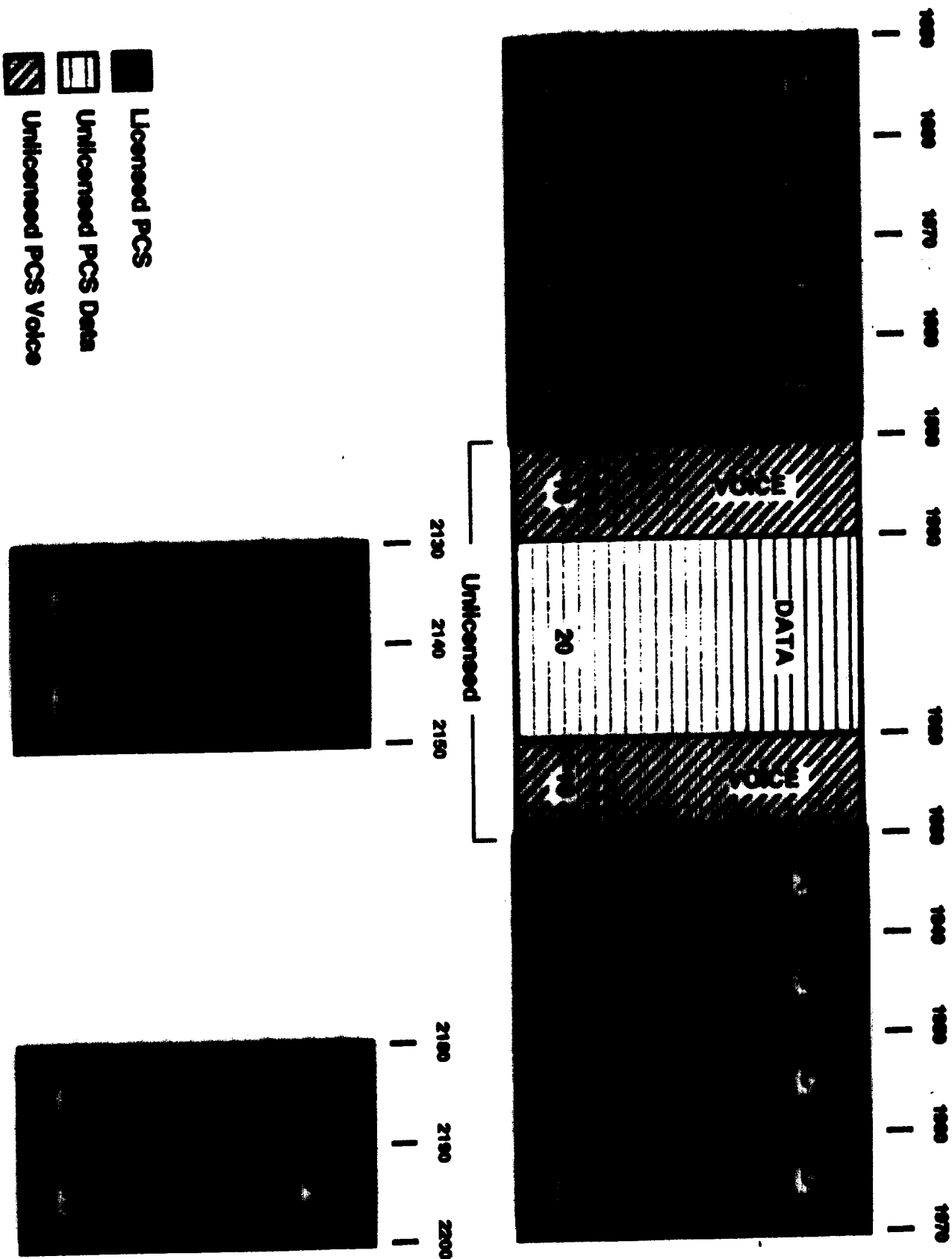
Proposed Allocation Plan

- All Licenses of equal spectrum
- Existing providers not restricted from competing in any market
- Encourages efficient utilization of spectrum

A 20 MHz license plan eliminates many current problems and supports the FCC's goals for a competitive PCS market

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BellSouth 20 MHz Frequency Plan



Mobile Satellite

Major Issues

2180-2200 MHz PCS frequencies conflict with WARC '92 worldwide allocation for MSS.

Mobile satellite users cannot co-exist with PCS systems operating in bands D-G.

Using other Emerging Technology spectrum at 2110-2130 creates contiguous block.

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Mobile Satellite

Contiguous Block Problems

Contiguous block eliminates frequency separation for duplex operation.

2110-2130 currently occupied by Common Carrier microwave.

Contiguous block limits technology choices to TDD.

TDD not suitable for outdoor, full mobility services.

Contiguous block suitable for unlicensed services.

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